



Fixed Assets

Definition of Fixed Assets

Fixed Assets are defined as tangible items of a non-consumable nature, the value of which is \$5000.00 or more and the normal expected life of one year or more. Examples of fixed assets are land, buildings, equipment, fixtures, motor vehicles, audiovisual materials and some computer hardware and software.

Principals and Department Heads Responsibilities

Principals and Department Heads have the ultimate responsibility and accountability for all Board of Education property regardless of the source of funding or property. Principals or Department Heads should name a designee for the day-to-day accounting for fixed assets.

Safe Keeping of All Fixed Assets and Inventory Control

Every effort must be made to control and protect all fixed assets from theft, damage and vandalism. The Office of Security and the Fiscal Services/Fixed Assets Department must be contacted in writing if theft, serious damage or vandalism occurs. In the event that equipment is lost or stolen, the local police shall be called and a report filled out. This report will be submitted to the appropriate department head or principal along with supporting documents. The principal or department head will keep these records on file. The stolen or lost equipment will be noted in the inventory database.

When/if new equipment is issued to that location the new information will be recorded in the database. Principals and Department Heads must retain an accurate inventory of fixed assets and periodically verify all property is present and in good operating condition.

Maintenance records of all fixed assets will be kept on file at the location where the asset is housed, including maintenance agreements with vendors and regularly scheduled maintenance that is performed. These records should include the date the

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work is done, a description of the work, any parts replaced and who performed the maintenance.

Disposal of Obsolete, Inoperative or Damaged Fixed Assets

When schools or departments have items that are no longer used or that need to be scrapped, a work order is prepared and those items are picked up and taken to the surplus storage facility

All Surplus items will be sent to e-bid, a division of Metro Finance, and auctioned online. The staff in surplus property will enter online the items to sell. A copy of the form will be sent to the fixed asset accountant to track. Once the items have been sold, the proceeds are transferred to MNPS Division of Accounts. The fixed asset accountant will review the sales reports provided by e-bid and Metro Finance and compare to the items submitted for sale. Items sold that have been previously tagged and had a value of \$5,000.00 will be disposed on EBS.

Federal Program Disposal Regulations (EDGAR 80.32)

When disposing of items purchased with Federal funds such as Title I, Special Education, CTE, private schools etc., a separate work order is required. The work order must include a description and asset tag number when available.

Equipment may be disposed of with no obligation to the federal government if **ALL** of the following criteria are met:

- Equipment is no longer needed in the current program.
- Equipment is not needed in other programs currently or previously funded by a federal agency. For example, equipment bought with Title I funds must be offered to another Title I school if it is still usable. If another Title I school does not need the equipment it may be offered to schools with other federal programs, such as CTE. If the equipment is still not wanted, then it can be offered to any school where it can be useful.
- Equipment item has a current per-unit fair market value of less than \$5,000.
- Disposal of equipment with a fair market value of less than \$5,000 requires that the proceeds must be used to support the program for which the equipment was purchased.
- No request for approval of equipment disposal with a value of less than \$5,000 is required.

If the equipment's fair market value is more than \$5,000, a cover letter must be submitted with supporting documentation as per the forms provided by the Office of Federal Programs to its NCLB field service consultant for review and submission to the Office of Federal Programs. Upon approval from the Assistant Superintendent of Federal Programs and Grants, MNPS may proceed with the disposition process. If the items are to be sold after approval of the disposition, the proceeds must be used to support the program for which the equipment was bought. Documentation of such sale and use for the program must be maintained.

Items authorized for sale will be sold by auction or bid to the highest bidder. MNPS utilizes the E-Bid on-line auction that Nashville government also uses and all items are awarded to the highest bidder.

School Acquisitions and Donations

- Fixed assets purchased with activity funds or donated to a school become assets of the District and must be properly tagged and inventoried.

Pre-Approval for Certain Items

- Air conditioners and other items that alter the physical make-up of a facility or require on-going maintenance must be approved by the Business Services Office of Facilities and Operations prior to acceptance.
- Computers, communications equipment and other electronic devices that are to be connected to the District's communications networks must have prior approval of the Information Technology Department.
- Items purchased with federal funds must have the approval of the Assistant Superintendent of Federal Programs and Grants.

Notification of Acquisitions and Donations

The principal must notify Business Services (Fixed Asset Accountant) of acquisitions and donations of equipment valued over \$5000.00.

Transferring or Loaning Fixed Assets

The physical transfer of fixed assets between locations shall not be done without approval of the principal or department head from the receiving and sending school or department. A copy of the work order must be sent to Business Services (Fixed Asset Accountant). The transfer should be recorded in the inventory database in order to track the asset. The sending location is responsible for noting in the database that the item is moving to another location. The receiving location is then responsible for recording in the database the exact location of the equipment when it arrives.

Inventory Control Procedures

An inventory of fixed assets of \$5000.00 or more is available to departments and schools upon request to Business Services (Fixed Asset Accountant). Principals and department heads should perform a physical audit of their assets at least annually.

Sensitive Minor Equipment

Each school principal or department head is responsible for designating an inventory contact at their location that is responsible for maintaining control of the inventory and recording movement of equipment within the building or outside of the building in the inventory database. The ultimate responsibility rests with the principal or department head.

Maintaining Sensitive Minor Equipment

- All computer hardware (desktops and laptops) is purchased with a four (4) year warranty from the vendor.
- All computer hardware (desktops and laptops) is purchased with virus protection and configured to receive the latest required updates from Microsoft as needed.
- A technical specialist is assigned to every school location and the Board of Education who can diagnose issues early and provide preventive maintenance as well as repair equipment that is not working as intended.
- Equipment that is donated or is an employee's personal equipment is required to have prior permission to access the MNPS network and must have the most current virus protection version installed. A principal or department head may refuse to allow personal equipment at their location.

Inventory of Sensitive Minor Equipment Valued Over \$100 Up To \$5,000

The State of Tennessee defines sensitive minor equipment as items purchased with a cost of between \$100.00 and \$5,000. It includes sensitive items such as computers, external computer peripherals, and weapons as determined by the State Personal Property Section.

MNPS follows the following general guidelines concerning inventory of sensitive items:

- A physical inventory shall be completed at least every two years. For setting up an initial inventory system, a complete physical inventory shall be done annually for at least the next three (3) years to obtain a reliable baseline (example: IT inventory beginning in the 2007-08 school year).
- The physical inventory will contain the following data elements:
 - Description of item
 - Serial number and other identifying numbers (asset tag, bar code or local identifying number)
 - Source of the property
 - Titleholder/staff position to which equipment is assigned
 - Acquisition date
 - Cost and funding source
 - Percentage of Federal participation in cost or identification as purchased for Federal programs
 - Location, use and condition of the property
 - Disposition data (date, method of disposition, sales price (if applicable) when property is retired from service.

The Compliance Coordinator will be responsible for notifying the NCLB Consultant of the inventory schedule and will also notify the NCLB Consultant of the results of the physical inventory. This documentation will include reports that specify equipment purchased with federal funds.

The inventory database will be updated whenever equipment is moved to a different physical location than originally recorded to reflect the new location, condition, title holder and any other details that may have changed as a result of the move.

Information Technology equipment is maintained on a regular basis by technical specialists assigned to schools and departments. When equipment is out of warranty and/or has outlived its usefulness, it may be brought to the MNPS Repair Shop to determine if it can be repaired in a cost-efficient manner. If it can, the equipment will be returned to schools to be put back into service. If not, the equipment will be mined for useful parts and sent for disposal to Metro governments' e-bid. Monies collected from equipment originating from Federal monies will be returned to the program from which it was purchased in accordance with Federal Regulations. Requests for maintenance and/or disposal are made either through a written work order or electronically (i.e. Helpstar).

References/Authority

Policy Governance Executive Expectation 9
EDGAR Section 80.32
Tennessee Internal School Uniform Accounting Policy Manual
TCA 12-2-403 Methods of Disposal
Supply Center Work Order Form